

**Top Secret** 219

(Security Classification)

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 8 November 1977

CG NIDC 77/259C



**NATIONAL SECURITY INFORMATION**  
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State Dept. review completed

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National Intelligence Daily Cable for Tuesday, 8 November 1977

The NID Cable is for the purpose of informing senior US officials.

CONTENTS

LEBANON: Accord Losing Ground Page 1

CHINA-USSR: 60th Anniversary Page 2

25X1

WEST GERMANY: Schmidt's Morale Page 4

ALGERIA-MOROCCO-FRANCE: Relations Page 5

ISRAEL - SOUTH AFRICA: Relations Page 6

BRIEF Page 7

USSR

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LEBANON: Accord Losing Ground

25X1 [ ] //Evidence continues to mount that the attempt to arrange a withdrawal of Palestinians from the Israeli border area of southern Lebanon is losing ground. While it is not clear whether the Christian-Israeli camp or the Palestinian camp is chiefly to blame, both parties undoubtedly share responsibility.//

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25X1 [ ] We have no evidence to confirm that Israel is demanding new conditions; there are signs, however, that the Palestinian position is again hardening. At minimum, the Palestine Liberation Organization is having great difficulty getting the rejectionists and their leftist Lebanese allies to go along with any withdrawals. Some Palestinian groups still insist that any Palestinian withdrawal must be "balanced" by withdrawals of Christian militias and by the closure of the "good fence"--the arrangement that allows Christians in the south to pass into Israel for medical treatment and sometimes jobs.

25X1 [ ] Recent public statements by Yasir Arafat seem to dramatize Palestinian unwillingness to budge under present circumstances. In a speech Sunday he said that there would be "no withdrawal, not one step." The speech may, however, have been designed to reassure the rejectionists and others that he has no intention of selling out the Palestinian movement.

25X1 [ ] In a more conciliatory statement on Saturday, Salah Khalaf, Fatah's chief negotiator in Lebanon, stressed Palestinian readiness to implement the Shaturah agreement. Khalaf, however, blamed Israel for holding up the Palestinian withdrawal by its insistence on maintaining the good fence and by its unwillingness to allow Lebanese Army units to enter territory now held by the Christians.//

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CHINA-USSR: 60th Anniversary

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[ ] China's commemoration of the 60th anniversary of the Bolshevik Revolution was marked by the turnout of slightly higher level Chinese officials than in recent years but by routine anti-Soviet statements. Together with such developments as the recent agreement on some aspects of navigation on the border rivers and the dispatch of a new ambassador to Moscow in August, Peking's handling of the anniversary suggests that it is adopting a more correct style in its formal dealings with Moscow without altering the heavily anti-Soviet content of overall policy.

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[ ] Chinese Foreign Minister Huang Hua attended the Soviet Ambassador's anniversary reception on 7 November--the first time in 11 years that a ministerial-level Chinese official attended the annual event. Last week, National People's Congress Vice Chairman Ngapo Ngawang-jigme--a Tibetan and the minorities figurehead in China's "parliament"--attended the annual film reception given by the China-USSR Friendship Association. The Chinese have sent much lower level officials in the past.

25X1

[ ] In addition to the higher protocol surrounding these social events on 6 November, China's three leading newspapers for the first time in a decade published a joint editorial marking the Soviet anniversary. The editorial, however, repeats Peking's standard accusations that the current Soviet leadership is betraying the policies of Lenin and Stalin, and quotes Mao Tse-tung's prophecy that the leaders in Moscow will be overthrown by the Soviet people.

25X1

[ ] Peking's official anniversary message to Moscow--sent as in the past by the National People's Congress and the State Council to their Soviet counterparts--added nothing to the usual affirmation of interest in improving state-to-state relations despite ideological differences. The message, for example, describes "the understanding" reached between Chou En-lai and Premier Kosygin in September 1969 as the "key" to the normalization of relations. To the Chinese, the operational aspect of the understanding is their demand for Soviet agreement to military withdrawals from Chinese-defined "disputed areas" along the border as a prerequisite to substantive discussions on the territorial dispute. This demand has been a major stumbling block in the border talks. [ ]

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#### WEST GERMANY: Schmidt's Morale

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[ ] During the West German Government's recent terrorist ordeal, US Ambassador Stoessel noted that Chancellor Schmidt's morale rose sharply, along with his personal standing in the country. The change in the Chancellor is called "striking" by many observers, who had found Schmidt worn and frustrated by intractable economic issues prior to the Schleyer kidnapping in early September. The Ambassador, who saw Schmidt several times between the kidnapping and the freeing of the hostages in Mogadiscio on 18 October, was impressed by the Chancellor's confidence and alertness.

25X1

[ ] It is apparent from the German press that the Chancellor's leadership of the all-party "crisis staff" has been a notable success both with the German people and the political professionals in Bonn. This did not come too soon. The government's weak majority and Schmidt's earlier, depressed mood had prompted some among the opposition to question openly his qualification to be Chancellor.

25X1

[ ] By insisting on a crisis staff including leaders of all established political parties, Schmidt forestalled what could have been a damaging parliamentary dispute over anti-terrorist measures. He emerged as the apostle of national unity, while the opposition, which governs where the maximum security prison for terrorists is located, was blamed for lax conditions that led to suicides by several key terrorist prisoners.

25X1

[ ] Of special importance to Bonn, the achievement at Mogadiscio blunted and, to a degree, refuted a rising chorus of critical political commentary from West Germany's European neighbors. Commentators--particularly in France and Italy--have been finding in West German terrorism evidence of absolutist solutions, authoritarian behavior or other conduct reminiscent of the Nazi regime.

25X1

[ ] Reaction to this criticism had somewhat envenomed West German internal politics, and the sudden wealth of foreign praise for the rescue operation in Somalia was gratefully received. The Chancellor, who tends to regard such foreign criticisms as a reflection of envy for West Germany's economic and social achievements, became the main beneficiary of the overnight improvement in the West German image.

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[ ] At the same time, the growing anxiety of West German citizens about the possibility of further terrorist attacks is generally believed to be stirring popular sentiment for the use of vigorous state authority, a position traditionally advocated by the opposition. Chancellor Schmidt's new image as a tough, antiterrorist manager will do much to offset such sentiment. Despite the Chancellor's success, the opposition will make the case that they can deal more effectively with the terrorists.

25X1

[ ] In responding to this challenge, Schmidt will play the role of the careful enforcer and defender of the legal order. He is advising voters not to be entirely insensitive to foreign criticisms, to consider that West German citizens and politicians cannot afford to be known to violate or evade laws or to over-react to political provocation abruptly and forcefully. [ ]

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#### ALGERIA-MOROCCO-FRANCE: Relations

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[ ] *Tensions between Algeria and Morocco are again rising as a result of recent successes by Algerian-backed Polisario Front guerrillas in Western Sahara and Mauritania. The intensified guerrilla activity has also strained Algeria's relations with France, which has temporarily suspended its negotiations with the guerrillas for the release of French hostages.*

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[ ] In a nationwide address Sunday evening, Morocco's King Hassan denounced the recent escalation in guerrilla activity in Western Sahara and warned Algeria that if it continued he would be compelled to exercise the "right of pursuit" to protect Moroccan sovereignty. Hassan also said the guerrillas were using heavy artillery and armor, implying that Algerians were directly involved in the fighting.

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[ ] //We cannot confirm that the guerrillas are using more sophisticated weapons or that the Algerians are taking more than an advisory role in the fighting. Recent guerrilla successes are, in part, the result of Moroccan ineptitude.//

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[ ] This is not the first time that Hassan has issued such a warning to Algeria. As in the past, he carefully avoided setting deadlines or specifying what hot pursuit might entail.

25X1



We continue to believe Hassan will avoid conventional military retaliation against Algeria, but he may approve increased irregular commando raids against Polisario sanctuaries.

25X1

[ ] The Algerian media have reacted sharply to Hassan's speech. In an editorial designed primarily for domestic consumption, Algeria's leading Arabic newspaper warned yesterday that any violation of Algeria's borders would be considered a declaration of war. A subsequent government communique was more restrained, referring only to grave consequences in the event of a border violation.

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[ ] //Although the Algerians have in fact tolerated sporadic incursions by Moroccan irregular patrols over the past year, // they presumably felt compelled to make a firm public response to Hassan's speech. They will continue to support the guerrillas while trying to avoid a direct military confrontation with Morocco.

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[ ] Algeria has also begun propaganda attacks on France in response to French military and diplomatic tactics designed to secure the release of French hostages held by the Polisario. The Algerians seem determined to gain as much propaganda mileage as possible from negotiations between French emissary Claude Chayet and Polisario representatives. Chayet, who suspended negotiations Sunday to return to Paris for consultations, may return to Algiers next week.

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[ ] The French are under no illusions that they can quickly negotiate the prisoners' release. Chayet talked for five months last year before he secured the release of two hostages; an equally prolonged effort may be necessary this time.

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#### ISRAEL - SOUTH AFRICA: Relations

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[ ] //Israel will abide by the UN Security Council Resolution calling for an arms embargo on South Africa, according to a statement issued by the Foreign Ministry yesterday. The statement apparently was designed to clarify Foreign Minister Dayan's remark on 6 November that Tel Aviv would not abandon South Africa. //

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25X1 [ ] //The Israelis are well aware that public defiance of UN sanctions would anger the US and give the Arabs a ready-made issue with which to attack Israel in the General Assembly or even to press for sanctions against Israel itself.//

25X1 [ ] //Dayan's statement was probably designed to reassure South Africa that the two countries would continue their relations in other spheres and that Israel would not push for revocation of existing licensing arrangements for the production of arms. [ ]

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# BRIEF

## USSR

25X1 [ ] Soviet Defense Minister Ustinov's short address to the troops in Red Square on the 60th anniversary of the Bolshevik Revolution was unexceptional. Ustinov briefly surveyed Soviet progress during the past 60 years, praised Brezhnev as a "loyal successor to the Leninist cause," and referred to recent advances in relaxing international tension and strengthening peace.

25X1 [ ] Ustinov's statements that the USSR is "taking the necessary steps" to strengthen the nation's defense posture and that the armed forces will be ready to deal with any aggressor is standard fare. He seemed to stress the strength of the Soviet forces for strategic deterrence by remarking that the nation's defense potential is "maintained at so high a level that no one would risk disturbing our peaceful life."

25X1 [ ] He made no specific reference to the strategic arms limitations talks or the force reduction negotiations, repeating only the familiar theme that the Soviets are doing their best to ensure peace, strengthen detente, and promote disarmament. [ ]

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